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TAGS: PREL MY SN

SUBJECT: AMBASSADOR'S DISCUSSION WITH MFA PERMSEC HO ON
MALAYSIAN ELECTIONS

REF: KUALA LUMPUR 160 (NOTAL)

Classified By: Ambassador Patricia L. Herbold for reasons 1.4 (b,d).

¶1. (C) The Ambassador and MFA Permanent Secretary Peter Ho met over lunch on March 12, discussing issues including Singapore's perceptions of the elections in Malaysia (reftel.) Ho said that in Singapore "everybody was shocked" by the extraordinarily strong showing by the opposition in Malaysia. People knew that change was coming, perhaps one election down the road, but did not anticipate that change could come this fast.

¶2. (C) Ho said that on the ruling National Front (BN) side, PM Abdullah Badawi is probably done for politically, despite having been sworn in again as PM on March 10. Former PM Mahathir Mohamad will keep throwing stones at Abdullah. The political knives will be out for Abdullah's son-in-law UMNO politician Khairy Jamaluddin, whom nobody likes because he got where he is through family ties. As for Deputy Prime Minister Najib Razak, he is an opportunist. Although he has not been critical of Singapore, he will not hesitate to go in that direction if it is expedient for him to do so. Najib's political fortunes continue to be haunted by the Mongolian murder scandal. (Note: The scandal involves the ongoing trial of Najib's former political adviser Abdul Razak Baginda for abetting the 2006 murder of the Mongolian woman who had been Abdul Razak's ex-lover; two policemen from Najib's protective detail also are on trial for carrying out the murder. End Note.) The MIC's Samy Vellu bears a large share of the responsibility for the BN's poor showing in the elections. The Indian community's unhappiness, which helped create the current political dynamic in Malaysia, reflects the fact that Samy Vellu neglected the interests of the Indian community, even when its temples were being destroyed, focusing instead on his business activities in India, Ho said.

¶3. (C) Ho stated that on the opposition side, former Deputy Prime Minister Anwar Ibrahim came out of the elections in a strong position, as shown by the electoral victories by his wife (whom Ho commented he has met and finds very impressive) and his daughter. The Islamic PAS will be pushed in a more pragmatic, less radical direction by its increased proximity to real political power. Within the ruling coalition, UMNO could find itself pulled in the opposite direction as it comes under increasing pressure to compete with PAS, Ho said.

¶4. (C) Ho expressed pessimism about Malaysia's future prospects. Malaysians from the Chinese and Indian minority communities keep leaving the country. The relative size of the Malay Muslim majority keeps increasing. As a result, more Malaysian students are studying in religious schools and

fewer are studying in more rigorous secular schools. This is harming Malaysia's international competitiveness, Ho said.

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